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September 4, 2003

VIA HAND DELIVERY

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
The Portals II
445 – 12th Street, S.W.
Room TW-A325
Washington, D.C. 20554

In re: 2002 Biennial Regulatory Review (MB Docket 02-277, et al.)

Dear Ms. Dortch

On behalf of Mt. Wilson FM Broadcasters, Inc., licensee of stations KMZT-FM, Los Angeles, California; KSUR, Beverly Hills, California and KMZT(AM), San Rafael, California, there are herewith transmitted an original and nine copies of a Petition for Reconsideration of the Commission's Report and Order and Notice of Proposed Rulemaking in the Matter of the 2002 Biennial Regulatory Review, et al.

Yours very truly

Robert B. Jacobi

RBJ:btc

Enclosures

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BEFORE THE

Federal Communications Commission

In the Matter of	)	
	)	
2002 Biennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996	)	MB Docket 02-277
	)	
Cross-Ownership of Broadcast Stations and Newspapers	)	MM Docket 01-235
	)	
Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets	)	MM Docket 01-317
	)	
Definition of Radio Markets	)	MM Docket 00-244
	)	
Definition of Radio Markets for Areas Not Located in an Arbitron Survey Area	)	MB Docket 03-130

To: The Commission

PETITION FOR RECONSIDERATION

Mt. Wilson FM Broadcasters, licensee of stations KMZT-FM, Los Angeles, California; KSUR(AM), Beverly Hills, California and KMZT(AM), San Rafael, California, by and through counsel, respectfully petition for reconsideration of the Commission's Report and Order and Notice of Proposed Rulemaking in the Matter of the 2002 Biennial Regulatory Review, et al. released July 2, 2003 (MB Docket Nos. 02-277, 03-130 and MM Docket Nos. 01-235, 01-317 and 00-244). Specifically, Mt. Wilson FM

Broadcasters, Inc. (hereinafter "Mt. Wilson") seeks reconsideration of Section 73.3555(a)(1)(i-iv) and Note 2(k) to Section 73.3555 of the new Rules. In support thereof, the following is stated

1. Section 73.3555(a)(1)(i-iv) sets forth permissible limits as to cognizable interests in commercial radio broadcast stations in given markets. The limits depend upon the total number of stations (commercial and noncommercial) in the Arbitron Metro Markets. The term "cognizable interests" is defined in Note 1 to Section 73.3555 as follows:

> ". . . any interest, direct or indirect, that allows a person or entity to own, operate or control, or that otherwise provides an attributable interest in, a broadcast station."

A Joint Sales Agreement is defined in Note 2(k) to Section 73.3555 as follows:

> "Joint Sales Agreement" is an agreement with a licensee of a "brokered station" that authorizes a "broker" to sell advertising time for the "brokered station."

2. The limits on "cognizable interests" in Sections 73.3555(a)(1)(i)(ii)(iii) and to some extent in (iv) apply only to "cognizable interests" in commercial stations.[1/] The instant Petition for Reconsideration proposes to apply the limits to "cognizable interests" in both commercial and noncommercial stations and to expand the definition of a Joint Sales Agreement to specifically include underwriting

---

[1/] Section 73.3555(a)(1)(iv), states that "cognizable interests" include both commercial and noncommercial in markets with 14 or fewer full-power stations if the "cognizable interest" exceeds 50% of the commercial and noncommercial stations in the market.

agreements (and the like). Mt. Wilson proposes revision of Section 73.3555(a)(1)(i-iv) and Note 2(k) as follows:

> **§ 73.3555 Multiple ownership.**
>
> (a)(1) Local radio ownership rule. A person or single entity (or entities under common control) may have a cognizable interest in licenses for commercial and noncommercial AM or FM radio broadcast stations in accordance with the following limits:
>
> (i) In a radio market with 45 or more full-power, commercial and noncommercial radio stations, not more than 8 radio stations in total and not more than 5 stations in the same service (AM or FM);
>
> (ii) In a radio market with between 30 and 44 (inclusive) full-power, commercial and noncommercial radio stations, not more than 7 radio stations in total and not more than 4 stations in the same service (AM or FM);
>
> (iii) In a radio market with between 15 and 29 (inclusive) full-power, commercial and noncommercial radio stations, not more than 6 radio stations in total and not more than 4 stations in the same service (AM or FM);
>
> (iv) In a radio market with 14 or fewer full-power, commercial and noncommercial radio stations, not more than 5 radio stations in total and not more than 3 stations in the same service (AM or FM); provided, however, that no person or single entity (or entities under common control) may have a cognizable interest in more than 50% of the full-power, commercial and noncommercial radio stations in such market unless the combination of stations comprises not more than one AM and one FM station.
>
> **Note 2(k) to § 73.3555:** "Joint Sales Agreements" (including underwriting agreements and/or other self-styled agreements) with a licensee of a "brokered station" that authorizes a "broker" to sell/underwrite time for the "brokered station."

3. Mt. Wilson recognizes that a commercial entity cannot own a noncommercial broadcast facility. The new rules, however, do not prohibit a commercial entity from entering into a Time Brokerage Agreement ("TBA")/Local Market Agreement ("LMA") or an underwriting agreement with a noncommercial entity and,

thereby, effectively circumvent the cognizable interests limits. With respect to commercial stations, TBAs/LMAs and JSAs are all deemed attributable interests; with respect to noncommercial stations, however, such agreements are not deemed attributable. In the case of a noncommercial station, the "JSA" probably would be titled an underwriting agreement – since noncommercial stations do not sell time. The adverse impact of a an underwriting agreement or TBA/LMA arrangement wherein a commercial entity is permitted to have a "cognizable interest in a noncommercial broadcast station <u>without such "cognizable interest" being counted as an attributable interest</u> undermines, indeed contravenes, the underlying public interest factor of preserving competition.

4. The thrust of the new rules is to preserve competition, a problem arising from a level of consolidation wholly unanticipated. The Commission addresses the subject repeatedly throughout the June 2, 2003 <u>Report and Order</u> as illustrated by the following representative statements:

> "... numerical limits in the local radio ownership rule are "necessary in the public interest" to protect competition in local radio markets." (¶ 239);
>
> "In the Policy Goals section, we explained how the public interest is served by preserving competition in the relevant media markets." (¶ 241);
>
> "Preserving competition for listeners is of paramount concern in our public interest analysis ... it is critical to our competition policy goals that a sufficient number of rivals are actively engaged in competition for listening audiences." (¶ 246);
>
> "The current system of counting radio stations thus enables a party, by taking advantage of the effects of the numerator-denominator inconsistency, to circumvent our limits on radio station ownership, which are intended to protect against excessive concentration levels in local radio markets." (¶ 254);

> "In short, our experience with the contour-overlap system leads us to believe that it is ineffective as a means to measure competition in local radio markets. . . goals." (¶ 263).

5. The inequity of the contour-overlap methodology for counting stations was compounded by the failure to include noncommercial stations. In determining to count noncommercial stations in the "denominator," the Commission explicitly acknowledged the competitive effect that noncommercial stations have in the market place, stating as follows:

> ". . . the current rule fails to account for the competitive presence of noncommercial stations in a market." (¶ 241);
>
> "We also will include in the market any other licensed full power commercial or noncommercial radio station whose community of license is located within the Metro's geographic boundary." (¶ 280);
>
> "We find, however, that the rule improperly fails to consider the effect that noncommercial stations can have on competition in the local radio market. We accordingly modify the rule to count noncommercial radio stations in determining the size of the radio market." (¶ 287)

Surely, the explicit recognition that noncommercial radio stations are a competitive factor in the market logically requires that a "cognizable interest" in a noncommercial radio station also should be treated as an attributable interest for purposes of determining compliance with the limits set forth in Section 73.3555(a)(1)(i-iv).

7. Indeed, not counting an attributable interest in a noncommercial broadcast station will permit a licensee to effectively circumvent the numerical proscribed limits. In paragraph 278 of the Report and Order, the Commission stated

> "We believe, moreover, that we can establish safeguards to deter parties from attempting to manipulate Arbitron market definition for purposes of circumventing the local radio ownership rule."

The Commission's primary concern – to preserve competition, should include establishing safeguards to deter parties from attempting to manipulate the numerical limits set forth in Section 73.3555(a)(11)(i-iv) of the Rules. It is respectfully submitted that the proposed revisions will provide the safeguards to prevent circumventing the numerical limits of the Rules.

8. The necessity for the modification of Section 73.3555(a)(1)(i-iv) and expanding the definition of a JSA to specifically include underwriting agreements is not hypothetical. Under the prior ownership rules, Clear Channel Communications (through its various subsidiaries) owned the maximum eight stations.[2/] Notwithstanding its existing ownership/cognizable interest presence in the Los Angeles market, Clear Channel entered into an agreement with noncommercial station KUSC(FM), Los, Angeles, California in July, 2003. The press coverage reflects that the sale of all underwriting will be outsourced to Clear Channel; in return, Clear Channel will receive commissions with the percentage increasing if Clear Channel successfully solicits a new client. See Attachment A. Irrespective of the title applied to the document, the "underwriting" agreement between KUSC and Clear Channel meets the definition of a JSA. Indeed, and subsequent to the adoption of the new rules, Clear Channel has

---

2/ Under the new rules, Clear Channel will own and/or have cognizable interests many more than eight stations in the Los Angeles market.

acquired a cognizable interest in a ninth station in the Los Angeles market. Clear Channel, however, is not in violation of the rules (old or new), since the rules (a) do not count interests in noncommercial stations in determining compliance with the limits set forth in Section 73.3555(a)(1)(i-iv), and (b) do not affirmatively equate underwriting agreements with JSAs. It is respectfully suggested that this omission in the new rules was simply inadvertent.

9. Could Clear Channel with its legion of stations persuade (or pressure) an advertiser to underwrite in lieu of purchasing advertising on a commercial station? Will KUSC be a stronger competitor in the market through its alliance with the Clear Channel? Undoubtedly the alliance will adversely affect competition and undoubtedly KUSC will be a stronger competitor and, concomitantly, Clear Channel's overall market presence will be stronger – all of which augurs for the Commission to include noncommercial stations in computing cognizable interests and equating underwriting agreements with JSAs.

10. There is an old homily, the gist of which is as follows:

> ". . . keep the *Camel's nose out of the tent otherwise the whole Camel will end up in the tent. . . ."*

Absent adoption of the proposed revisions, the Clear Channels of the world will have their respective noses in the tent – the consequences of which will lead to commercial licensees having cognizable interests exceeding the limits set forth in the rules;[3] commercial licensees controlling the "underwriting" of hundreds/thousands of noncommercial stations; and commercial licensees having the opportunity to exercise at least some degree of operational control over noncommercial stations. Absent adoption of the proposed revisions, the winners will be the Clear Channels of the world and the loser will be the public interest – those who believe in preserving competition.

Respectfully submitted

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Counsel for Mt. Wilson FM Broadcasters, Inc.

Date: September 4, 2003

[3] Presumably (and as in the case of the Clear Channel/KUSC partnership in the Los Angeles market), these types of "underwriting" agreements will more likely occur in the markets where the Clear Channels of the world already have the maximum permissible cognizable interests.

ATTACHMENT A

PRESS COVERAGE OF CLEAR CHANNEL/KUSC AGREEMENT

Los Angeles Times
CALENDAR
Monday, July 7, 2003

KUSC sees no evil in alliance

By Steve Carney
Special to The Times

In a move skeptics might call a deal with the devil, but those involved see as a match made in heaven, public radio station KUSC today is announcing a partnership with the nation's largest radio company, Clear Channel Communications.

KUSC-FM (91.5) relies on underwriting — those on-air blurbs saying, "this program is being brought to you by" so-and-so — for 18% of its income, with the rest coming from member donations and grants (the station gets about $400,000 of its $5-million annual budget from the Corporation for Public Broadcasting). But station general manager Brenda Barnes said her marketing staff is too small and has too much turnover to drum up those sponsorships effectively. So she has outsourced the job to Clear Channel, which owns eight commercial stations in the Los Angeles area and about 1,200 nationwide.

"It's not a huge effort for them, but it makes a big difference for KUSC," she said. "The bottom line is: Nothing changes for the listener."

She said the volume of announcements will remain capped at a minute and a half per hour. Currently, only about half

[See KUSC, Page E5]

KUSC turns sponsor-finding duties over to Clear Channel

[KUSC, from Page E1]

of those are underwriting messages, while the rest are various placeholders.

Clear Channel will get commissions for every sponsor it signs, with the percentage increasing if it's a new client.

KUSC retains right of refusal on sponsors and messages, and each side can bow out of the deal with 60 days' notice. As an ancillary, both sides agreed to work together promoting music education in public schools. Barnes said that she was skeptical going in, but that Clear Channel accepted all her contract requirements. "They've gotten a lot of publicity that isn't positive," she said. "If I was under as much scrutiny day to day as Clear Channel, that would be a difficult position to be in. But that goes with the territory. Believe me, they're not doing this for the money.

"It's a small percentage of what we're bringing in. For them, it doesn't even register," Barnes said, adding that she hopes the arrangement will add about $250,000 annually to the $1.5 million the station takes in from underwriting.

Charlie Rahilly, Clear Channel's West Coast senior vice president, said he's confident his company will find sponsors eager to reach KUSC's listeners, who tend to have higher-than-average incomes and education. The move also can help revitalize a genre that's vanishing from airwaves nationwide, and reverse Clear Channel's image as an agent homogenizing the airwaves.

"If we can generate meaningfully higher revenue, their interests are very well served," he said. And "if we can use our resources to help maintain and fund broadcast diversity, that's really going to the heart of it."

But he also makes no bones about the move being good P.R. for the company, and a chance to show it being a good corporate citizen. "It's no secret our company's been banged around in the press," he said.

After Congress loosened station ownership rules in 1996, Clear Channel grew from a small San Antonio-based company with four dozen stations to the broadcasting behemoth it is today. Along with that came the perception of the company as a corporate bully, flexing the muscles of not only its radio empire, but also its concert-promotion and outdoor advertising businesses as well.

So what of the public-radio purist, wary that KUSC will be corrupted by its relationship with the "Evil Empire," a common epithet for Clear Channel?

"If that person really wants to ensure their public radio station will remain unsullied and viable into the future," Rahilly said, he or she should cheer the partnership, which both sides hope will generate enough revenue to allow the station to create its own endowment. "Ultimately, that should provide for the station's survival into perpetuity."

KUSC's partnership with Clear Channel is one solution to a problem that public broadcasters are grappling with nationwide. Not only are bad economic times drying up support from individuals, foundations and federal, state and local governments, but the stations also face an expensive, mandated changeover to digital broadcasting in the next few years, said Frank Cruz, a member of the KUSC board of councilors and of the board of directors of the Corporation for Public Broadcasting.

"Public broadcasting," he said, "due to a combination of reasons, is probably facing its most difficult financial situation in history."

Barnes said the station has about $750,000 toward the tens of millions it probably will need for an endowment, an idea that's catching on in public broadcasting. She said stations WBEZ in Chicago, WNYC in New York and Vermont Public Radio are also trying to free themselves from the vagaries of the economy and live off the interest from a large, secure account.

"This strikes me as an innovative business decision, though another sad indicator of how everything is becoming commercial in one way or another," said Christopher Sterling, professor of media and public affairs at George Washington University in Washington, D.C.

He added that the KUSC deal with Clear Channel shouldn't set off any red warning lights about the commercialization of public radio, "but perhaps yellow ones."

The details of the agreement ensure KUSC won't lose control of what goes out over its airwaves, Barnes said. If there is a conflict, Sterling said, it might be on the part of Clear Channel, selling time on KUSC while simultaneously selling advertisers for its own stations.

With public broadcasters searching everywhere for new revenue sources, it's not surprising that some of the ventures have drawn fire. Later this month, National Public Radio debuts "Day to Day," a midday Monday-to-Friday program that it is producing in collaboration with Microsoft's online magazine, Slate. It's the first time in NPR's 33-year history that the network has joined forces with a commercial entity to create a program. Critics howled, objecting to an intrusion of the corporate world into public broadcasting, and questioning whether the program could be trusted for objectivity in covering Microsoft.

Still others have criticized underwriting messages themselves, saying they've crossed over to blatant advertising. Some NPR stations have edited a spot for the heartburn pill Nexium, because they contend that the tag line "ask your doctor" is a call to action. That, along with pricing information and quality comparisons, are specifically prohibited in Federal Communications Commission guidelines for sponsorship messages on public broadcasts.

The sales staff of Clear Channel's traffic division gets the task of drumming up underwriting support for KUSC. Because local public stations KKJZ-FM (88.1) and KPCC-FM (89.3) subscribe to the traffic service, the sales staff already knows what types of messages are compatible with public-radio stations. In addition, the length and tone of the underwriting messages are very similar to the sponsorship announcements tagged onto the traffic reports.

"When you drill down you see the synergy there," said John Quinlan, general sales manager for Clear Channel Traffic. "We're used to dealing with nonprofit radio stations, so we understand the limitations with messaging. It's not a real standard advertising message: 'Go out and buy a 99-cent cheeseburger.' "

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CC Traffic/LA selling for non-comm KUSC

The LA Times reports Clear Channel Traffic/LA has added The University of Southern California's non-comm KUSC-FM to its sales offering. Classical KUSC is outsourcing the sale of underwriting announcements.

From the story: "The sales staff of Clear Channel's traffic division gets the task of drumming up underwriting support for KUSC. Because local public stations KKJZ-FM (88.1) and KPCC-FM (89.3) subscribe to the traffic service, the sales staff already knows what types of messages are compatible with public-radio stations. In addition, the length and tone of the underwriting messages are very similar to the sponsorship announcements tagged onto the traffic reports.

'When you drill down you see the synergy there, John Quinlan, GSM for Clear Channel Traffic told the paper. "We're used to dealing with nonprofit radio stations, so we understand the limitations with messaging. It's not a real standard advertising message: 'Go out and buy a 99-cent cheeseburger.' "

KUSC retains right of refusal on sponsors and messages, and each side can bow out of the deal with 60 days' notice. As an ancillary, both sides agreed to work together promoting music education in public schools.

The tell-all "Smoking Gun" feature hits radio, for Blink and other Infinity stations. This actually isn't a Viacom synergy deal, since Court TV — which will create vignettes based on "TheSmokingGun.com" — is owned by AOL Time Warner and Liberty Media. The immediate beneficiary is "Blink" WNEW in New York. Smoking Gun specializes in unearthing sensational documents about celebs and politicians.

Clear Channel buys the "Dream" smooth jazz format in Fort Myers, replacing "Real Radio." The changes are part of a bigger format realignment on Florida's Gulf Coast. "Cat Country" WCKT moves from 107.1 FM to 100.1 FM — from a 50-kw signal to a 100-kw signal. That should give it better coverage in Collier County, FL. The shuffle leaves talk "Real Radio" WRLR-FM (100.1) the odd station out, since the "Cat Country" format will be simulcast on both signals until July 14. After that, a smooth jazz station will debut on 107.1 thanks to a deal CC reached with Bel Meade Broadcasting. Clear Channel is buying the "Dream" smooth jazz format and the WDRR call letters, which it will put on the 107.1 frequency. Bel Meade will debut a new format on 98.5, to replace "Dream."

Museum of Television and Radio president Robert Batscha dies of cancer at 58. Batscha had been president of the Bill Paley-founded Museum since 1981, working to expand its collections and opening a second branch in Beverly Hills. In his two decades at MTR its collection grew from 5,000 pieces to more than 120,000 — and now covers cable and satellite. Batscha died Friday after a long battle with cancer.

Phoenix rock personality Dave Pratt goes country, to do mornings on KMLE. Pratt was the market's "morning mayor" on Sandusky rocker KUPD for 20 years, then joined Infinity's modern rock KZON last year for afternoons. Now he's doing wakeups again — this time on Infinity's "Camel Country 108." Replacing him at "The Zone" is Gregg Paul, who's been doing the daily "Politically Incorrect, Yet Touching Moment."

L.A. non-com KUSC turns to Clear Channel to sell underwriting announcements. In a first-of-its-kind deal, Clear Channel will handle underwriting ad sales for a non-com — the University of Southern California's classical KUSC (91.5). GM Brenda Barnes says the partnership will allow KUSC to focus on programming, while leaving the sales calls to Clear Channel. It's been increasingly difficult for the small marketing staff to do that job effectively, as corporations have cut back on donations. Barnes says KUSC will limit underwriting to no more than one and a half minutes in any one hour. The new arrangement expands Clear Channel's partnership with KUSC to encourage music education in the public schools.

"Infinity Solutions & Beyond" is the newest radio-based multi-platform sales effort. While Viacom Plus has had success in landing dollars for the company, it hopes the new "ISB" will attract new advertisers who aren't using radio. ISB will pitch not only buys across Infinity's 180 radio stations, but also multi-platform promotions like live events, in-store programs, guerilla tactics and outdoor. Infinity spokesman Dana McClintock says ISB will work with Viacom Plus to put together the radio components of cross-media deals, as well as sell packages on its own. The difference being that with ISB, radio will be the cornerstone — not just another piece of the puzzle. The in-house sales team is headed by EVP/marketing David Goodman, and is run day-to-day by EVP Richard Lobel, who joins Infinity from CC Entertainment.

R&R
THE INDUSTRY'S NEWSPAPER
JULY 11, 2003

CC/Los Angeles To Handle Sponsorships For KUSC

Underwriting deal irks Mt. Wilson FM Broadcasters

By Adam Jacobson
R&R Radio Editor
ajacobson@radioandrecords.com

The University of Southern California has partnered with **Clear Channel** in a first-of-its-kind arrangement that enables the company's Los Angeles sales staff to handle all of the sales and underwriting for noncommercial Classical **KUSC/Los Angeles**.

The deal, officially reached Monday, enables KUSC's staff to focus its efforts on content, increase the station's community service commitment and continue such outreach programs as supporting music education in the schools, University of Southern California Radio President Brenda Barnes said.

KUSC relies on underwriting for roughly 20%-25% of its annual income. The remaining 75%-80% of the station's operating budget will continue to come from listener support.

Further explaining why Clear Channel was contracted to handle her station's underwriting efforts, Barnes told the *Los Angeles Times* that her marketing staff is too small and has too much turnover to effectively attract businesses that are willing to support the station's programming. "It's not a huge effort for them, but it makes a big difference for KUSC," she said. "The bottom line is that nothing changes for the listener."

Announcements presently take up just 90 seconds per hour; underwriting messages account for half of the messages aired during that time. Clear Channel will get commissions for each sponsor it attracts to KUSC, with the percentage increasing if it brings on a new underwriter.

The deal also calls for Clear Channel and USC to team to promote music education in public schools throughout Southern California. Barnes said the arrangement could add an additional $250,000 per year to the $1.5 million in underwriting KUSC attracts annually. KUSC's programming also airs on KPSC/Palm Springs, KFAC/Santa Barbara and KCPB/Thousand Oaks, CA.

News of the Clear Channel-USC arrangement brought swift reaction from Mt. Wilson FM Broadcasters President/GM Saul Levine. Levine, whose company owns commercial Classical KMZT (K-Mozart)/L.A.,

KUSC ► See Page 14

KUSC

Continued from Page 3

told R&R that he's talking to his company's FCC attorneys and plans to file formal opposition with the commission to Clear Channel's involvement with KUSC. Levine contended that the deal amounts not only to Clear Channel getting a ninth station in L.A., but also to another attempt by the company to drive Mt. Wilson out of business.

"Clear Channel has been after me, trying to get our mom-and-pop business out of business, and we are going to resist it," Levine said. "The idea of Clear Channel selling Classical is absurd. They are looking for ways to drive us out of business, and we're mad as hell and not going to take it. We want the FCC to protect us from this egregious type of behavior." Levine said he may also seek help from the Department of Justice on the matter.

AUGUST 29, 2003

Clear Channel Explores Noncommercial Frontier

By Jeff Green
R&R Executive Editor
jgreen@radioandrecords.com

A shot was heard around the noncommercial-radio world recently, when Clear Channel's Los Angeles operations and University of Southern California Classical outlet KUSC/Los Angeles forged a partnership under which Clear Channel handles KUSC's underwriting business.

The FCC has not questioned the deal, which may give the nation's largest radio owner business beyond what it can write at its eight local stations, but the move immediately drew fire from Saul Levine, owner of crosstown commercial Classical KMZT. Levine has fiercely criticized the arrangement and is

See Page 8

Clear Channel Explores Noncommercial Frontier

"I expected more people to raise questions or concerns, but the phone calls and e-mails have been 'Tell us how it works' and 'Can you give me a phone number to call?'"

Brenda Barnes

Continued from Page 1

planning legal action (see story, this page).

KUSC's motive for signing the contract, which went into effect July 1, was simple: Though the station has $1.1 million in corporate sponsor agreements in place for 2003-2004, Director/Underwriting Abe Schefa was having a hard time generating more income. Consultant Louise Heifetz recommended to KUSC President/GM Brenda Barnes that Barnes meet with Clear Channel Sr. VP/West Coast Charlie Rahilly, and the two sides ultimately inked an arrangement that they characterize not as a joint sales agreement, but more akin to a representation deal. No KUSC staff was displaced, and Schefa will consult with Clear Channel staffers to them help master the nuances of KUSC's underwriting policies and approaches.

Charlie Rahilly

The distinction is critical, because, under the new FCC rules, JSAs are included in an owner's station count in a market. If the rules are ultimately upheld, a JSA with KUSC would give Clear Channel too many properties in Los Angeles.

Barnes maintains that KUSC is keeping control over underwriting messages to ensure that what's provided is consistent with the station's programming and underwriting language. These "spots" are limited to 15 seconds and must meet three criteria: There must be no qualitative information ("The best widget on the planet"), no pricing information and no calls to action.

"We'll still control all of that, just as we have before," Barnes says. "The major difference is that KUSC staff members won't be the ones out on the street talking to clients. That will be Clear Channel."

Brenda Barnes

Rahilly's five-member core team hasn't written any business for KUSC yet, but he's brimming with confidence. He says, "We wouldn't have taken on the challenge if we weren't confident that there was an appetite in the marketing community of Southern California to demonstrate support for KUSC and also, at the same time, reach its very loyal, affluent audience. We're in the 'show me' stage for Brenda right now, and I feel a tremendous sense of obligation to her and to the team at KUSC.

"Our goal is to get north of what they've been able to do in underwriting and have this be a real success. That's what our folks are focused on: talking to every single client that we do business with, sharing this capability and then getting deals closed."

If KUSC reaches its revenue goals, it plans to cap the amount of underwriting that will be used for its operating budget and dedicate the rest, apart from funds contracted by both parties for contributions to music education, to support the station's endowment.

KUSC's decision to take advantage of Clear Channel's 100-member Southern California sales force and

riosity from other noncommercial stations around the country. She says, "Abe attended a public-radio fundraising and business-development conference the week after this was announced, and he was inundated by people who wanted to know about the relationship. I expected more people to raise questions or concerns, but the phone calls and e-mails have been 'Tell us how it works' and 'Can you give me a phone number to call?'"

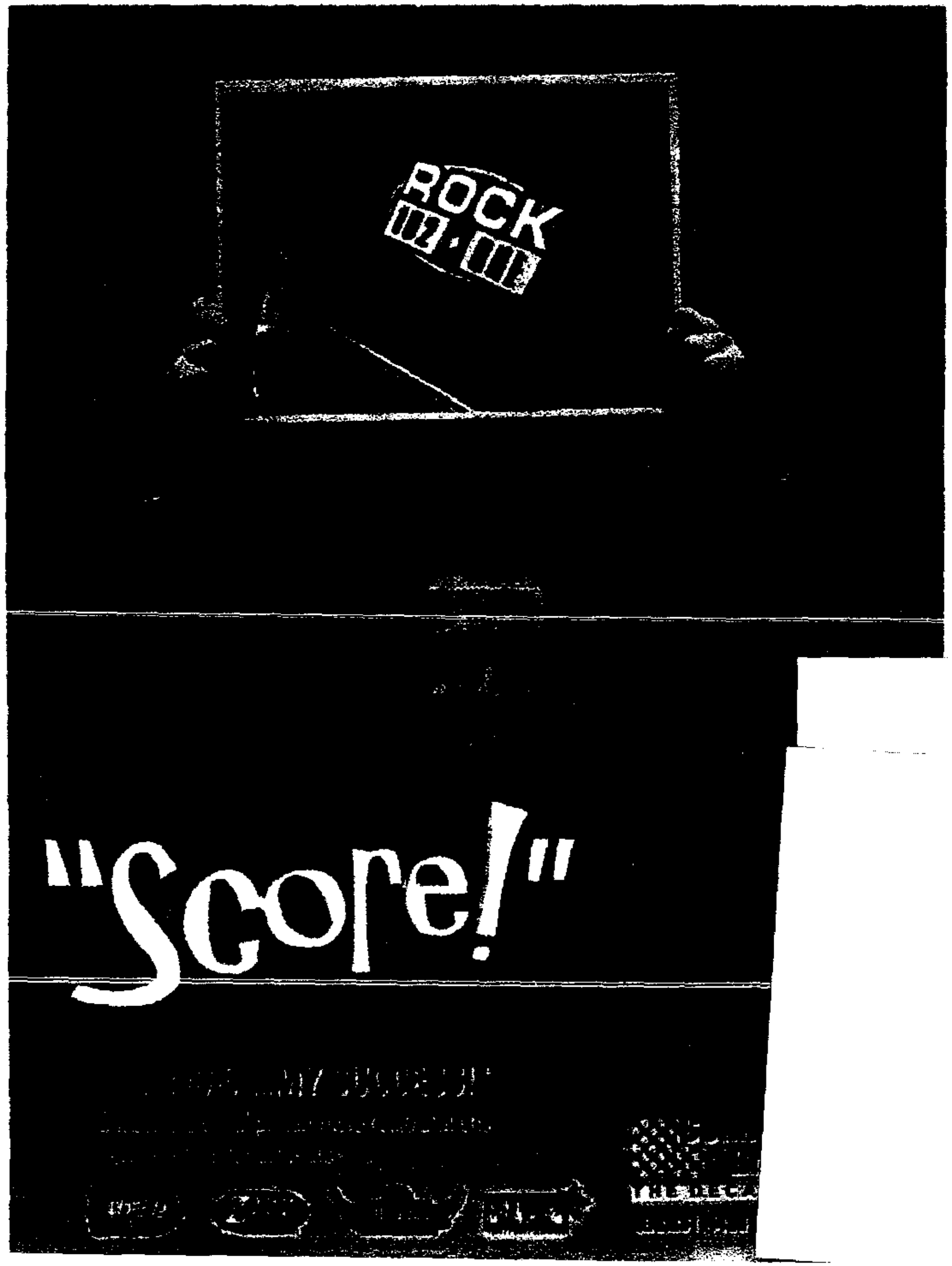
Rahilly says he's received six to eight queries from noncomm window-shoppers. Asked if he envisions a rollout to pursue noncomm business nationally, he says, "Make no mistake: I'm a rabid capitalist. But I really see this as an opportunity for Clear Channel to serve two pillars of what our country looks to broadcasting to have: localism and diversity.

"If we can create a relationship that helps maintain KUSC and helps build an endowment to ensure its survival and its thriving into the future, then we've really served both of them. We can pick up a few shekels along the way and, at the same time, use our traffic-sales force to extend it to another level. If you're ...

ner St. VP/West Coast Charlie Rahilly, and the two sides ultimately inked an arrangement that they

keeping control over underwriting messages to ensure that what's provided is consistent with the station's

hasn't written any business for KUSC yet, but he's brimming with confidence. He says, "We wouldn't



folks are focused on: talking to every single client that we do business with, sharing this capability and then getting deals closed."

If KUSC reaches its revenue goals, it plans to cap the amount of underwriting that will be used for its operating budget and dedicate the rest, apart from funds contracted by both parties for contributions to music education, to support the station's endowment.

KUSC's decision to take advantage of Clear Channel's 100-member Southern California sales force and allow bundling of its sponsorships with commercial-cluster packages is another sign of the emerging fiscal creativity across the Classical radio spectrum. WQXR/New York, owned by the New York Times Co., recently embarked on a record-business venture when it financed a CD by the celebrated Orchestra of St. Luke's/St. Luke's Chamber Ensemble (R&R 6/20).

Barnes reports that the Clear Channel initiative has attracted cu-

ness nationally, he says, "Make no mistake: I'm a rabid capitalist. But I really see this as an opportunity for Clear Channel to serve two pillars of what our country looks to broadcasting to have: localism and diversity.

"If we can create a relationship that helps maintain KUSC and helps build an endowment to ensure its survival and its thriving into the future, then we've really served both of them. We can pick up a few shekels along the way and, at the same time, use our traffic-sales force to extend it to another level. If we're successful, I'd love to see it grow in terms of the number of markets we employ it in."

Despite the curiosity of other noncomms, Barnes believes other stations are still unsure whether a similar plan would be right for them. However, she adds, "There are other people who are ready to explore it pretty quickly, and they say, 'I think this a great move and a really good possibility for the future of public radio.'"